

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Holyoke Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: October 9, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made monthly each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.25%.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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# Funding Schedule 2 – 7.25% Investment Return Assumption

Fully funded by June 30, 2035  
Appropriations increase by 3.07% per year

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2002 ERI Liability	(4) Amortization of 2003 ERI Liability	(5) Amortization of 2010 ERI Liability	(6) Amortization FY06-07 Sec 90 ACD Liability	(7) Amortization FY08-09 Sec 90 ACD Liability	(8) Amortization Section 10 Liability	(9) Amortization of Remaining Unfunded Liability	(10) Actuarially Determined Contribution: (2)+(3)+(4)+ (5)+(6)+(7)+ (8)+(9)	(11) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(12) Percent Increase in Actuarially Determined Contribution
2021	\$3,903,964	\$30,967	\$289,239	\$155,381	\$98,565	\$36,440	\$26,402	\$12,747,154	\$17,288,112	\$147,328,690	--
2022	4,045,703	31,818	297,193	155,381	101,275	37,442	27,128	13,122,918	17,818,858	144,149,186	3.07%
2023	4,192,555	32,693	305,365	--	104,060	38,472	27,874	13,664,877	18,365,896	140,336,304	3.07%
2024	4,344,703	33,592	313,763	--	106,922	39,530	28,641	14,062,578	18,929,729	135,832,550	3.07%
2025	4,502,336	34,516	322,391	--	109,862	40,617	29,429	14,471,721	19,510,872	130,575,927	3.07%
2026	4,665,652	35,465	331,257	--	112,884	41,734	30,238	14,892,626	20,109,856	124,499,605	3.07%
2027	4,834,855	36,441	340,367	--	115,988	42,882	31,070	15,325,626	20,727,229	117,531,565	3.07%
2028	5,010,154	37,443	349,727	--	119,178	44,061	31,924	15,771,067	21,363,554	109,594,213	3.07%
2029	5,191,770	38,472	359,344	--	122,455	45,273	32,802	16,229,300	22,019,416	100,603,956	3.07%
2030	5,379,927	39,530	369,226	--	125,822	46,518	33,704	16,700,685	22,695,412	90,470,767	3.07%
2031	5,574,861	40,617	379,380	--	129,283	47,797	34,631	17,185,592	23,392,161	79,097,708	3.07%
2032	5,776,815	41,734	389,813	--	132,838	49,111	35,584	17,684,405	24,110,300	66,380,415	3.07%
2033	5,986,039	42,882	400,533	--	136,491	50,462	36,562	18,197,517	24,850,486	52,206,548	3.07%
2034	6,202,794	44,061	411,548	--	140,244	51,849	37,568	18,725,332	25,613,396	36,455,204	3.07%
2035	6,427,350	45,273	422,865	--	144,101	53,275	38,594	18,968,739	26,100,197	18,996,281	1.90%
2036	6,659,986	--	--	--	--	--	--	--	6,659,986	--	-74.48%

## Notes:

Actuarially determined contribution for fiscal year 2021 is set equal to the amount determined with the prior valuation.

Actuarially determined contributions are assumed to be paid monthly.

Item (2) reflects 3.25% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to the generational mortality assumption.

Amortization payments calculated to increase at 2.75% per year for items (3), (4), (6), (7), and (8).

Projected normal cost does not reflect the future impact of pension reform for new hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains.